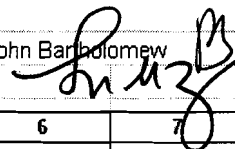


COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13 Change Request for FY 08-09 Budget Request Cycle											
Decision Item FY 08-09		Base Reduction Item FY 08-09		Supplemental FY 07-08		Budget Request Amendment FY 08-09					
Request Title:	Additional Financing for the Implementation of SB 07-211										
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 2, 2008		
Priority Number:	S-8			OSP Approval:				Date:	12/26/07		
		1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 06-07	Appropriation FY 07-08	Supplemental Request FY 07-08	Total Revised Request FY 07-08	Base Request FY 08-09	Decision/ Base Reduction FY 08-09	November 1 Request FY 08-09	Budget Amendment FY 08-09	Total Revised Request FY 08-09	Change from Base (Column 5) FY 09-10
Total of All Line Items	Total	7,532,758	8,716,030	17,879	8,733,909	7,975,468	0	7,975,468	0	7,975,468	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	3,458,114	4,021,332	0	4,021,332	3,677,330	0	3,677,330	0	3,677,330	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	516,953	580,621	0	580,621	532,547	0	532,547	0	532,547	0
	FF	3,557,691	4,114,077	17,879	4,131,956	3,765,591	0	3,765,591	0	3,765,591	0
(6) DHS Medicaid	Total	7,532,758	8,716,030	17,879	8,733,909	7,975,468	0	7,975,468	0	7,975,468	0
(B) Office of Information	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Technology Services -	GF	3,458,114	4,021,332	0	4,021,332	3,677,330	0	3,677,330	0	3,677,330	0
Colorado Benefits	GFE	0	0	0	0	0	0	0	0	0	0
Management System	CF	0	0	0	0	0	0	0	0	0	0
	CFE	516,953	580,621	0	580,621	532,547	0	532,547	0	532,547	0
	FF	3,557,691	4,114,077	17,879	4,131,956	3,765,591	0	3,765,591	0	3,765,591	0
Letternote revised text:		See corresponding Schedule 13 from the Department of Human Services for other funding sources besides federal funds.									
Cash Fund name/number, Federal Fund Grant name:		Federal Funds: Title XIX, Title XXI									
IT Request: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No											
Request Affects Other Departments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		If Yes, List Other Departments Here: Department of Human Services									

CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE

Department:	Health Care Policy and Financing
Priority Number:	S-8
Change Request Title:	Additional Financing for the Implementation of SB 07-211

SELECT ONE (click on box):

- ☐ Decision Item FY 08-09
☐ Base Reduction Item FY 08-09
☒ Supplemental Request FY 07-08
☐ Budget Request Amendment FY 08-09

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- ☐ Not a Supplemental or Budget Request Amendment
☐ An emergency
☐ A technical error which has a substantial effect on the operation of the program
☒ New data resulting in substantial changes in funding needs
☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

This request seeks to re-allocate \$244,604 in total funding to implement the Colorado Benefits Management System changes required to process presumptive eligibility applications as required by SB 07-211. Of the total funding, \$135,400, which was appropriated in FY 06-07, will come from the Deficit Reduction Act and HB 06S-1023 roll-forward. The remaining \$109,204 will be financed through the Colorado Benefits Management System Calculator and includes the State's portion of \$45,929, taken from the Colorado Cares Prescription Drug Program roll-forward, and \$63,275 in federal funds. Most of the requested funding would be reallocated from previous funding. The only new funding needed is \$17,879 in federal funds.

Background and Appropriation History:

The Colorado Benefits Management System (CBMS) is an automated system that supports application, eligibility determination, and benefits for thirty-six of Colorado's medical, food, and public assistance programs. Development of the Colorado Benefits Management System began in FY 99-00 and was designed to provide a uniform, all-encompassing eligibility determination system for the thirty-six public assistance programs under the direction of the Department of Health Care Policy and Financing and the

Department of Human Services. The Colorado Benefits Management System was also designed to facilitate the transfer of information between county administrators that collect and enter data into the system and State departments that administer these public assistance programs.

During the 2007 legislative session, the Colorado Legislature passed SB 07-211, which required the Department to modify the Colorado Benefits Management System so that it could handle presumptive eligibility for Medicaid and Children's Basic Health Plan clients. During the legislative process, the Department was required to submit a fiscal note detailing the cost of implementing SB 07-211, which included the anticipated costs of the Colorado Benefits Management System changes. At that time, the Department estimated that the changes to the Colorado Benefits Management System would cost \$59,600, based upon previous experience.

Unfortunately, the Department was not able to receive an estimate from the Colorado Benefits Management System's operations vendor, Electronic Data Systems (EDS), before the fiscal note was due to the legislature. However, after the passage of SB 07-211, Electronic Data Systems submitted an estimate that detailed the work required to complete the changes. That estimate is for \$304,204 and is substantially greater than the amount of funding the Department requested for the necessary changes. Therefore, the Department does not currently have the funding required to pay Electronic Data Systems for the changes necessary to implement SB 07-211.

Further complicating the need for funding is the requirement to comply with cyber security and firewall protections mandated by the new security rules promulgated by the Governor's Office of Information Technology in the Spring of 2007 after the fiscal note was written. Because the presumptive eligibility will be established for clients by personnel at special presumptive eligibility and medical assistance sites, extra procedures will be implemented to protect the Colorado Benefits Management System from cyber security threats.

General Description of Request:

If approved, this request would allow the Department to reallocate \$181,329 in unspent funding appropriated in FY 06-07 from the Colorado Cares Prescription Drug and Deficit Reduction Act roll-forwards to pay for the system changes the Colorado Benefits Management System requires to implement presumptive eligibility. The remaining \$122,875 would be comprised of the \$59,600 that was originally appropriated for SB 07-211 changes and an additional \$63,275 in federal funding drawn as a result of using SB 07-001 Colorado Cares Prescription Drug Program funds as the State's portion of Colorado Benefits Management System costs.

The Department is requesting permission to reallocate \$135,400 in total funding from the Deficit Reduction Act and HB 06S-1023 roll-forward. Originally, the Department had expected to fully expend this roll-forward for the changes required by HB 06S-1023, however, the Department was able to realize considerable savings as described below.

In the original bill, HB 06S-1023 required the Department to upgrade decision tables for the Children's Basic Health Plan and Old Age Pension State Medical Programs to deny eligibility if an affidavit or proper identification for the potential applicant was not entered. In addition, the Department anticipated decision table upgrades to determine whether or not the documents the applicants provided were an acceptable form of documentation. However, due to subsequent legislation, the Department was no longer required to modify the decision tables for the Children's Basic Health Plan, and the Department was able to absorb the cost of document verification with existing Colorado Benefits Management System staff and resources.

The HB 06S-1023 roll-forward also included funds to allow the Department to upgrade the Colorado Benefits Management System to automatically send notices to clients placed in a pending status, and automatically trigger a review of the documentation for clients that owe enrollment fees. While funding for these changes was provided in the HB 06S-1023, the projects were paid out of the funding provided as a result of the Governor's Emergency Supplemental to Address Top County Concerns.

The Department is requesting that \$45,929 of the \$66,000 from the Colorado Cares Prescription Drug Program (Colorado Cares) roll-forward be used to fund the unanticipated costs for system development to accommodate changes required to implement SB 07-211 Presumptive Eligibility for Children. Colorado Cares Prescription Drug Program, which was created by SB 07-001, charged the Department with creating a mechanism by which uninsured or underinsured Coloradans can purchase lower-cost generic and non-patented prescription drugs. Original plans for the implementation of SB 07-001 included the use of the Colorado Benefits Management System. However, the Department encountered issues during the system development process that caused the Department to review and revise the original implementation plans. It was determined that some issues were too great to overcome in the short timeframe allocated for implementation and other issues would have added a level of complexity to Colorado Cares or Colorado Benefits Management System that would be too costly or time consuming.

Currently, the Department is pursuing an implementation plan that will use an outside vendor to administer the program. This option will involve using the vendor's systems to track and monitor participation in Colorado Cares Prescription Drug Program. With this new plan for implementation, the Department will not be utilizing Colorado Benefits Management System for the implementation of Colorado Cares Prescription Drug Program.

The statute that authorizes the Colorado Cares Prescription Drug Program states that the Department is expected to use registration fees collected from program participants to reimburse the State for any expenditures incurred to develop the program. However, since this request seeks to use this funding to implement SB 07-211 Presumptive Eligibility for Children, for which no revenues will be generated as a result of the changes, the Department requests it be granted the use of a portion of the \$66,000 in General Fund Exempt without the requirement to pay it back. In total, the Department is requesting \$45,929 in General Funds Exempt from this roll-forward to pay for the Department's and the Department of Human Services' portion of State costs associated with these changes. The Department is, however, requesting additional federal funds in the Colorado Benefits

Management System appropriation. This is because the Department is requesting that the portion of funding from SB 07-001, which was State-only funding when it was appropriated initially, receive the federal match as calculated by the Colorado Benefits Management System calculator. The tables in the “Calculations for Request” show how the Department anticipates funding these changes.

The Department is only requesting to use a portion of the Colorado Cares Prescription Drug Program roll-forward because of the way the Colorado Benefits Management System is financed. Currently, the Department of Human Services and the Department use the federally approved Colorado Benefits Management System calculator to allocate costs for the Colorado Benefits Management System. The calculator computes the State General Fund and Cash Funds Exempt portion of all costs for both departments, as well as the amount of federal funds that can be drawn down.

Due to the fact that the State’s portion of funding is coming from roll-forwards that were already appropriated in FY 06-07, the Department cannot reflect the movement of those funds from an appropriation within the budget. This is due to the fact that roll-forward expenditures are recorded in the fiscal year after they were appropriated in an off-budget line item. Therefore, the Schedule 13 does not reflect the removal of funding from the Colorado Cares Prescription Drug Program – Colorado Benefits Management System Contract line item, which is where the \$66,000 was originally appropriated. The situation with the roll-forwards has been discussed with the State Controller’s Office.

Consequences if Not Funded:

If this request is not funded, the Department will not be able to pay for the changes required by SB 07-211 and will need to seek additional funding sources. In addition, the Department will not be able to meet the January 1, 2008 deadline for presumptive eligibility for children implementation set forth by SB 07-211.

Calculations for Request:

Table 1: Funding Sources for Presumptive Eligibility Changes		
		Total Funds FY 07-08
A	Estimated Cost	\$304,204
B	Current Appropriation for Presumptive Eligibility Changes	\$59,600
C	Funding Shortage and Total Need (A - B)	\$244,604
D	Funding Available from the Deficit Reduction Act and HB 06S-1023 Roll-Forward	\$135,400
E	Total Financed Through the Colorado Benefits Management System Calculator (C - D)	\$109,204

Table 2: Colorado Benefits Management System Calculator Split of Total Need		
		Total Funds FY 07-08
F	Department of Human Services Portion (G + H + I)	\$71,300
G	General Fund	\$17,140
H	Cash Funds	\$8,764
I	Federal Funds	\$45,396
J	Department of Health Care Policy and Financing Portion (K + L + M)	\$37,904
K	General Fund	\$17,757
L	Cash Funds Exempt	\$2,268
M	Federal Funds (Only amount of new funding requested for HCPF)	\$17,879
N	Total Estimated Need (F + J)	\$109,204
O	General Funds Exempt* (G + H + K + L)	\$45,929
P	Federal Funds** (I + M)	\$63,275

* From the Colorado Cares Prescription Drug Program roll-forward because the funding is available and otherwise unused. The unused General fund from the Colorado Cares Prescription Drug Program will be sufficient to the needed General Fund, Cash Funds, and Cash Funds Exempt usually identified as needed through the Colorado Benefits Management System calculator.

** The Department needs to request additional federal funding because the initial Colorado Cares Prescription Drug Program appropriation was State-only.

Assumptions for Calculations:

Table 1: The Department has assumed the estimate provided by Electronic Data Systems represents the final cost the Department should expect to pay for the Colorado Benefits Management System changes required to implement presumptive eligibility for children.

Table 2: The Department has used the Colorado Benefits Management System calculator to calculate the fund splits between the Department and the Department of Human Services. However, due to the nature of this request, the Department has taken the sum of all State-portion funds (General Fund, Cash Funds, and Cash Funds Exempt) and assumed that their source of funding will be General Funds Exempt from the Colorado Cares Prescription Drug Program roll-forward.

The Department has not provided a break-out of the funds from the Deficit Reduction Act and HB 06S-1023 roll-forward because the appropriation is already financed through the Colorado Benefits Management System calculator.

Impact on Other Government Agencies:

This request does have an impact on the Department of Human Services, as the request funds their portion of the associated costs with money already appropriated to the Department.

Cost Benefit Analysis:

Additional Financing for SB 07-211 Changes	
Cost	Benefit
\$0 General Fund,	This request would allow the Department to implement presumptive eligibility for children in the Colorado Benefits Management System, as mandated by SB 07-211. In addition, the Department would be able to serve its potential Medicaid clients with greater speed and efficacy.

Implementation Schedule:

Task	Month/Year
Requirements Analysis and Design	June 1, 2007
Program Development	September 27, 2007
Testing	December 12, 2007
Presumptive Eligibility User ID Setup	December 28, 2007
Presumptive Eligibility in Colorado Benefits Management System Implementation	January 18, 2007

Statutory and Federal Authority: 25.5-4-205. C.R.S (2007) Application - verification of eligibility - demonstration project - rules - repeal.

(1) (a) Determination of eligibility for medical benefits shall be made by the county department in which the applicant resides, except as otherwise specified in this section. Local social security offices also determine eligibility for medicaid benefits at the same time they determine eligibility for supplemental security income. The state department may accept medical assistance applications and determine medical assistance eligibility and may designate the private service contractor that administers the children's basic health plan, Denver health and hospitals, a

hospital that is designated as a regional pediatric trauma center, as defined in section 25-3.5-703 (4) (f), C.R.S., and other medical assistance sites determined necessary by the state department to accept medical assistance applications, to determine medical assistance eligibility, and to determine presumptive eligibility. When the state department determines that it is necessary to designate an additional medical assistance site, the state department shall notify the county in which the medical assistance site is located that an additional medical assistance site has been designated. Any person who is determined to be eligible pursuant to the requirements of this article and articles 5 and 6 of this title shall be eligible for benefits until such person is determined to be ineligible. Upon determination that any person is ineligible for medical benefits, the county department, the state department, or other entity designated by the state department shall notify the applicant in writing of its decision and the reason therefor. Separate determination of eligibility and formal application for benefits under this article and articles 5 and 6 of this title for persons eligible as provided in sections 25.5-5-101 and 25.5-5-201 shall be made in accordance with the rules of the state department.

Performance Measures:

Improve access to health care, increase health outcomes and provide more cost effective services using information technology.